

### REMARKS

Claims 30, 32-34, 36-50 and 52-56 remain in this application. Claims 30, 34, and 37 have been amended above. Support for the amended claims can be found on page 10, lines 20-23 and page 13, lines 17-21 of the specification. Applicants respectfully request reconsideration and review of the application in view of the foregoing amendments and the following remarks.

Applicants would like to thank the Examiner for the interview granted on November 29, 2006. Applicants presented the Examiner with a proposed amendment to the claims. The Examiner pointed out that the language of the proposed amendment was confusing, so Applicants have made changes to further clarify the claims. The Examiner stated that the proposed amendment would probably overcome the rejection found in the previous Office Action, but he would have to conduct a new search to see if the claims could ultimately be placed in condition for allowance. The present amendment is consistent with Applicants' arguments presented in the interview.

### **Background: Overview of the Invention**

Before addressing the merits of the grounds of rejection, Applicants provide the following brief description of the invention. The invention generally relates to a system and method for video content distribution that utilizes a portable electronic storage device configured to uniquely interface via a physical connector with an interactive kiosk and a set-top box. Unlike the prior art, the invention makes it possible to store both the video content and the customer's use/viewing data on a portable storage device configured to manually interface with kiosks that allow the customer to select the desired video content and thereby pay for use of the video content. In one approach, a customer accesses a publicly accessible kiosk and loads video content onto the portable video content storage device. The user accesses the video content by manually attaching or inserting the storage device into a compatibly configured set-top

box. The set-top box accumulates and stores data relating to the user's use/viewing of the video content on the storage device. The use data is read upon a subsequent return to the kiosk so that the user can be appropriately charged.

By storing use data on the portable content storage device and transferring the use data to the kiosk upon a subsequent visit to the kiosk, it is possible to charge customers on a pay-per-view basis without the need for a separate communication link with the customer (e.g., a telephone line between a billing office and the customer's home). The storage device interfaces with both the kiosk and the set-top box via a physical connector that is incompatible with industry standard devices for transferring video content and incompatible with industry standard computer systems in order to limit illegitimate use. The storage device is configured to be accessed only by a compatible kiosk and a compatible set-top box. It is important to note that the controller inside of storage device controls the memory, and the memory is compatible with the controller but is incompatible with industry standard controllers. This further limits access to the content stored on the storage device for security purposes.

### **The Standard for a Rejection for Obviousness**

A *prima facie* rejection for obviousness requires: (1) a disclosure or suggestion of every element of the claim in the cited reference or references; (2) a suggestion or motivation, in the references or known to one skilled in the art, to modify or combine the references; and (3) a reasonable expectation of success. The suggestion to combine and the reasonable expectation of success must be found in the prior art. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

Moreover, obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either explicitly or implicitly in the references themselves or in the knowledge generally available to one of ordinary skill in the art. "The test for an implicit showing is what the combined teachings, knowledge of

one of ordinary skill in the art, and the nature of the problem to be solved as a whole would have suggested to those of ordinary skill in the art.” *In re Kotzab*, 217 F.3d 1365, 1370 (Fed. Cir. 2000); *In re Lee*, 277 F.3d 1338, 1342-44 (Fed. Cir. 2002) (discussing the importance of relying on objective evidence and making specific factual findings with respect to the motivation to combine references); *In re Fine*, 837 F.2d 1071 (Fed. Cir. 1988); *In re Jones*, 958 F.2d 347 (Fed. Cir. 1992). The mere fact that references can be combined or modified does not render the resultant combination obvious unless the prior art also suggests the desirability of the combination. *In re Mills*, 916 F.2d 680 (Fed. Cir. 1990).

A statement that modifications of the prior art to meet the claimed invention would have been “well within the ordinary skill of the art at the time the claimed invention was made” because the references relied upon teach that all aspects of the claimed invention were individually known in the art is not sufficient to establish a *prima facie* case of obviousness without some objective reason to combine the teachings of the references. *Ex parte Levengood*, 28 USPQ2d 1300 (Bd. Pat. App. & Inter. 1993). See also *In re Kotzab*, 217 F.3d 1365, 1371 (Fed. Cir. 2000) (Court reversed obviousness rejection involving technologically simple concept because there was no finding as to the principle or specific understanding within the knowledge of a skilled artisan that would have motivated the skilled artisan to make the claimed invention); *Al-Site Corp. v. VSI Int'l Inc.*, 174 F.3d 1308 (Fed. Cir. 1999) (the level of skill in the art cannot be relied upon to provide the suggestion to combine references.).

Applicants respectfully submit that each of the following rejections of claims fails to satisfy these standards. Applicants would also like to challenge a statement made by the Examiner in the Response to Arguments regarding the burden of proof required for a *prima facie* rejection for obviousness. The Examiner states that the Applicants’ arguments were not persuasive because “the Applicant does not explain reasons why one of ordinary skill in the art would not be motivated to combine the references on the record.” See page 2 of the Office Action. This statement misconstrues the showing

required for an obviousness rejection. As stated above, a *prima facie* rejection for obviousness requires that there be a motivation or suggestion to combine the references. Thus, the burden is on the Examiner to show that a motivation exists--not on the Applicant to show that a motivation does not exist. For each combination that is made, the Examiner must state a suggestion or motivation to combine.

**Statement of Grounds of Rejection of Claims 30, 32-34 and 36**

The Examiner rejected Claims 30, 32-34 and 36 under 35 U.S.C. § 103(a) as being unpatentable over Allen (US 5,909,638) in view of Tatebayashi et al. (US 6,182,215), further in view of Abecassis (US 5,610,653), further in view of Russo (US 5,619,247), further in view of Okuyama et al. (US 5,987,126), and further in view of Darden et al. (US 4,941,841). These rejections are respectfully traversed.

**Allen**

Allen discloses a host data center (10) and a plurality of remote manufacturing centers (20) for recording movies onto VHS tapes or other video media. The system enables VHS tapes to be manufactured for a customer on-demand, such that the customer selects a desired movie from a kiosk and the tape is made for the customer on the spot. As shown in Figure 1, the remote manufacturing center (20) comprises a robotic cabinet 130 for robotic storage and retrieval of VHS cassette tapes. The tapes are retrieved from this storage cabinet 130 and loaded under robotic control into the high-speed VHS recorder within unit 115. (Col. 8, lines 35-41).

The Examiner acknowledges that there are numerous deficiencies with Allen. For example, Allen fails to disclose: (1) storage of video content data on a portable storage device; (2) a storage device capable of storing MPEG-2 quality data; (3) a kiosk configured to read content use data from storage device; (4) a storage device with an external first connector; (5) a set-top box with a connector configured to mate with the first connector; and (6) a kiosk with a second physical connected configured to mate with the first connector, where the three connectors are incompatible with industry

standards. The Examiner proposes to make up for these deficiencies by combining Allen with numerous other prior art references. As a fundamental matter, there is no teaching or suggestion for the proposed combination of references. The deficiencies the Examiner identified are significant and not easily cured by the proposed combination of references. The movie distribution model proposed by Allen is unacceptable to movie content producers because it is not secure. It is too easy for the movie content to be pirated by unscrupulous operators either by getting access to the source data within the kiosk or by copying the VHS tapes that are produced. For these reasons, systems built in accordance with Allen have not achieved any commercial acceptance in the marketplace.

The present invention provides a completely different way of distributing movie content while maintaining security over the content. In an embodiment of the invention, the customer manually inserts the portable storage device into a first receptacle of an interactive kiosk. After the kiosk stores video content onto the portable storage device, the customer manually removes the storage device from the first receptacle and takes it with him/her. During a subsequent visit to this or a similar kiosk, the customer has the option of reusing the portable storage device. In addition to the deficiencies identified by the Examiner, Allen fails to disclose a portable storage device that is manually inserted into the receptacle of the kiosk and that permits repeated reuse. The system provides complete security over the source media content insofar as there is no way to retrieve the source media content either from the kiosk or from the portable storage device. Moreover, the use of non-industry standard connectors prevents another device from connecting either to the kiosk or the portable storage device.

**Tatebayashi et al.**

Tatebayashi et al. discloses a communication system for selecting and using an encryption protocol from a plurality of choices of encryption protocols. Tatebayashi et al. cannot be properly combined with Allen because the motivation to combine the two references given by the Examiner is not present. The Examiner gives the following

statement as motivation for the proposed combination of Tatebayashi et al. with Allen:

One of ordinary skill in the art would be motivate[d] to modify Allen's system to configure the kiosk to securely store video content on the portable storage device for the benefit of preventing the store video content to be distributed to unauthorized devices.

See page 8 of the Office Action. This statement fails the foregoing tests established by the Federal Circuit. First, there is no explicit teaching in any of the references of the desirability of such a combination. Allen does not suggest any need for encryption--the reference discloses the transferring of movie content data in an unencrypted form onto VHS tapes. Encrypting the video data onto the VHS tapes teaches away from Allen because that would require the user to have the ability to decrypt the data in order to watch the video, and Allen does not disclose or suggest the need for the user to have the ability for to decrypt the movie content data. Moreover, Tatebayashi et al. does not suggest any use of a portable storage device for receiving the data content. Second, as to the possibility of an implicit teaching of the desirability of the combination, the Examiner has identified no objective evidence on which to evaluate this consideration.

The only evidence in the record showing recognition of this problem to be solved comes directly from the patent application. Rather than reflecting the knowledge in the prior art, the motivation for the combination comes directly from the patent application itself. The patent application states:

The security module 308 provides functionality that limits illegitimate access to the device controller module 304, the nonvolatile memory 306, and the storage device 302. The security module 308 preferably acts as a gateway for access to the data stored on the wallet 300 by authenticating the identity of any device that attempts to communicate with the wallet 300 before communication is allowed.

See page 11 of the specification. The patent application further states:

The objective of the of the security module 308 can be substantially achieved by encrypting the content and data stored on the wallet 360 before the data is placed on the wallet 360.

See page 16 of the specification. These statements show that the motivation for the Examiner's proposed combination of prior art references originated with the patent application. The Office Action therefore violates the Federal Circuit proscription against reliance on applicant's disclosure for a suggestion or motivation to combine prior art references. See *In re Vaeck*, 947 F.2d 488 (Fed. Cir. 1991).

**Abecassis '653**

The Examiner further acknowledges deficiencies with the combination of Allen and Tatebayashi et al. Namely, the Examiner recognizes that the combination fails to disclose a portable storage device containing a memory capable of storing MPEG-2 quality video content, or that the portable storage device is capable of storing accumulated content use data. As noted above, these are not insignificant deficiencies of the references, as these features go to the heart of the present invention. Applicants respectfully submit that these references lack these features since they were never intended to provide the solution set forth in the present patent application.

The Examiner proposes to make up for the portable storage device deficiency by adding Abecassis '653. Abecassis '653 discloses a video system for automatically tracking a viewer defined target within a viewer defined window, where the system includes a removable drive that can be implemented in a set-top box. The Examiner states that it would have been obvious to modify the Allen/Tatebayashi et al. combination to include the removable drive disclosed by Abecassis '653. The stated motivation given by the Examiner to add Abecassis '653 to Allen/Tatebayashi et al. is as follows:

To provide to user to use a wide variety of removable device that are available on the market in which the user could plug and play the removable device to any system...that the user would like to read/write between the removable device and the system connected.

See pages 9-10 of the Office Action. The stated motivation to combine, however, does not support the proposed combination. As stated by the Examiner, the motivation for

combining Allen with Tatebayashi et al. would have been to prevent the access of the video content by unauthorized devices. The addition of Abecassis expands the number of devices that can access the video content, which goes against the teachings of the Allen/Tatebayashi et al. combination. Furthermore, the proposed combination of Abecassis with Allen/Tatebayashi et al. teaches away from the present invention. The portable storage device of the present invention is designed *to limit*, not expand, the number of devices that can be connected to the kiosk and the set-top box. As discussed above, the custom connector of the portable storage device acts as a security measure so that the content on the storage device cannot be copied by unauthorized devices. Because the reference teaches away from both the proposed combination and the present invention, the combination is improper, and the rejection must be withdrawn.

### **Russo**

The Examiner proposes to add Russo to make up for the deficiency of the set-top box configured to write accumulated content use data onto the portable storage device and the kiosk configured to read the accumulated content used data. Russo discloses a set-top box control access having a storage medium that can store content use data. The content use data in Russo is stored directly onto a memory located in the set-top box itself. The Examiner states that it would have been obvious to modify the combination of Allen/Tatebayashi et al./Abecassis with Russo to use the set-top box to write content use data onto the portable storage device and to use the kiosk to read the content use data from the portable storage device. The stated motivation given by the Examiner to add Russo is “to keep track the usage of users for billing purposes.” See page 10 of the Office Action.

The addition of Russo, however, is insufficient to make a *prima facie* rejection because Russo fails to disclose all the elements that the Examiner intends for Russo to disclose. Additionally, the stated motivation given by the Examiner is insufficient to have lead someone to have combined Russo with the previously combined references.



First, Russo discloses storing the content use data in the set-top box itself, not in a removable storage, so the proposed combination does not disclose the element of the present invention "to accumulate content use data and to store the accumulated content use data *directly onto the storage device*." Second, neither Russo nor Allen (or any of the references) discloses a kiosk reading content use data off of a portable storage device. Russo merely discloses the storing of content use data in a memory located in the set-top box, which can then be queried by a central office through a phone line. The Allen/Tatebayashi et al./Abecassis combination fails to disclose a kiosk that is configured to read content use data. The Examiner cannot just assume that "it would have been obvious that Allen's kiosk would be able to read content use data...from the return of the content storage device's rental." Without evidence that the prior art discloses a kiosk that is able to read content use data off of a portable storage device, the proposed combination fails to disclose all of the elements of the present invention.

The stated motivation given by the Examiner to add Russo comes not from the prior art but from the present invention itself. The Allen/Tatebayashi et al./Abecassis combination does not suggest using content use data for billing reasons. Moreover, Russo does not suggest the use of portable storage devices in combination with set-top boxes and kiosks. Instead, the motivation to combine the references can be found in the specification of the present invention:

In the preferred embodiment, the set-top box 600 preferably creates content use data 307 (Figure 3A) and writes the data to the wallet 104....Content use data 307 includes information related to the use of the video content units, such as how much of the content unit 303 has been viewed and/or how many times it has been viewed.

See page 26 of the specification. These statements show that the motivation for the Examiner's proposed combination of prior art references originated with the patent application. Because the motivation or suggestion to combine uses impermissible hindsight and comes from the present invention itself, the combination is improper for

this reason as well.

**Okuyama et al.**

The Examiner proposes to add Okuyama et al. to make up for the deficiency of having a portable storage device capable of storing at least MPEG-2 quality video content. Okuyama et al. discloses a recording device having a copy protection management system. The stated motivation given by the Examiner to combine Okuyama et al. with the Allen/Tatebayashi et al./Abecassis/Russo combination is as follows:

To increase the capacity of storage media by taking advantage of the well-known MPEG standard...[and to] reduce the time of copying the media content onto the media storage by not performing a format conversion, i.e. digital (MPEG-2) to analog.

See page 11 of the Office Action. This motivation, however, does not support the combination formed by Allen/Tatebayashi et al./Abecassis. Allen discloses receiving signals in MPEG-2 form and decoding them to analog form using a digital-to-analog decoder for transferring of the video. See col. 18, lines 29-43 of Allen. Allen does not disclose having the content remain in MPEG-2 form. Thus, the loading of video content in MPEG-2 form would teach away from Allen. The combination fails to establish a *prima facie* showing of obviousness.

**Darden et al.**

The Examiner proposes to add Darden et al. to cure the deficiency of a housing of the portable storage device comprising an external first physical connector in which the kiosk is configured to have a second physical connector adapted to mate with the first connector and a set-top box configured to receive the portable video content storage device via a third connected adapted to mate with the first connector, where the connectors are incompatible with industry standards. Darden et al. discloses an adapter for cartridges used with computers. The addition of Darden et al. fails to establish a *prima facie* rejection for obviousness because Darden et al. does not

disclose the remaining missing elements. The Examiner cites to col. 10, lines 33-45 of Darden et al. for support for the proposition that the connectors are not compatible with industry standards, but this cited section merely discloses how the cartridge will connect when it is slid into a slot. Darden et al. does not disclose in this section or anywhere else in the reference that this connection is a non-standard connection. In fact, the reference goes to great lengths to mention that the cartridges are adapted to fit industry standard computers, including most IBM PC or PC compatible computers. See col. 6, lines 59-67 of Darden et al.. Furthermore, to make the cartridge as compatible as possible with industry standards, the reference goes on to list the simple adjustments that can be made to fit various brand name hard drives inside the cartridge. See col. 12, line 65-col. 13, line 34 of Darden et al.. Because Darden et al. fails to disclose that the connector is incompatible with industry standards, a *prima facie* rejection has not been established, and the rejection must be withdrawn.

More importantly, the motivation to add Darden et al. to the combination of Allen/Tatebayashi et al./Abecassis/Russo/Okuyama et al. is insufficient to establish a *prima facie* rejection for obviousness. The stated motivation given by the Examiner is as follows:

To provide a versatile removable storage media which the removable storage device could be temporarily connected and removed it from the connected device for security and portability purposes, i.e., the removable storage device could be remove[d] and place[d] in a safe place...

See page 12 of the Office Action. The Examiner cites to col. 2, lines 14-18 and 32-40 of Darden et al. for support of this statement. A person, however, would not have been motivated to add Darden et al. to the Allen/Tatebayashi et al./Abecassis/Russo/Okuyama et al. combination for this reason. The proposed combination already included a removable storage device that can be removed and kept in a safe place when the Examiner added Abecassis to Allen/Tatebayashi et al.. Adding the 64-pin connector taught by Darden et al. to the aforementioned combination

does **nothing** to change its functionality. That is, a 64-pin connector is not required to make the removable storage portable because it already has that capability. Furthermore, there is no teaching in the Allen/Tatebayashi et al./Abecassis/Russo/Okuyama et al. combination that says a special connector would be required for the device to function. There is also no teaching in Darden et al. that suggests using the 64-pin connectors in a system comprising a kiosk, set-top box, and a portable storage unit. Darden et al. is directed toward making the removal of a hard drive from a personal computer more convenient, not to a video content delivery system. For these reasons, one of ordinary skill in the art would have had **no** motivation to add Darden et al. to the combination, so the combination is improper.

In any event, none of the references discloses a memory that is compatible with the controller located inside the personal storage device but incompatible with industry standard controllers. This is done to make illegitimate access to the video data more difficult.

#### **Statement of Grounds of Rejection of Claims 32 and 33**

Claims 32 and 33, which depend from Claim 30, and Claims 34 and 36, are deemed patentable for the same reasons stated above with respect to Claim 30. Since the prior art references fail to teach or suggest every element of Claims 30, 32, 33, 34 and 36, Applicants respectfully request that the rejection of these claims be withdrawn.

#### **Statement of Grounds of Rejection of Claims 37-43 and 45**

The Examiner rejected Claims 37-43 and 45 under 35 U.S.C. § 103(a) as being unpatentable over Allen in view of Tatebayashi et al., further in view of Abecassis '653, further in view of Russo, further in view of Okuyama et al., further in view of Darden et al., and further in view of Cantone (US 5,734,781). Cantone is cited merely for its disclosure of a removable drive housing having a controller. The reference otherwise fails to make up for the significant deficiencies of the other references, and, as above,

there is no teaching or suggestion for the proposed combination. This ground of rejection should be withdrawn for the same reasons provided above with respect to Claim 30.

Moreover, the Examiner states that Tatebayashi et al.'s authentication process is analogous to the invention in which only device/systems with the same authentication protocol are able to communicate with each other. Applicants respectfully disagree. Tatebayashi et al. discloses only an authentication protocol used to prevent undesired communications, not a unique physical connection for the purpose of security. Therefore, Tatebayashi et al. fails to teach or suggest a physical connector "configured to be uniquely compatible with the kiosk but incompatible with industry standard electronic systems and devices for accessing video content" as recited in Claim 37.

**Statement of Grounds of Rejection of Claims 44 and 46-47**

The Examiner rejected Claims 44 and 46-47 under 35 U.S.C. § 103(a) as being unpatentable over Allen in view of Tatebayashi et al., and further in view of Abecassis '653, and further in view of Russo, and further in view of Okuyama et al., and further in view of Cantone. These rejections are respectfully traversed. Abecassis '653 is cited for its disclosure of the controller having a data buffer and of the controller that limits access to the mass storage module. The reference otherwise fails to make up for the significant deficiencies of the other references, and, as above, there is no teaching or suggestion for the proposed combination. This ground of rejection should be withdrawn for the same reasons provided above with respect to Claim 30.

**Statement of Grounds of Rejection of Claims 48-50 and 53-56**

The Examiner rejected Claims 48-50 and 53-56 under 35 U.S.C. § 103(a) as being unpatentable over Abecassis '653 in view of Russo, and further in view of Darden et al.. These rejections are respectfully traversed.

As presented above with respect to Claim 30, Russo discloses the immediate

debiting of an account for payment or remote querying to inform the provider that programs were viewed but fails to disclose storage of "content use data on the portable video content storage device" as is recited in Claim 48. Therefore, Russo fails to specifically suggest or teach at least this aspect of Claim 48. As presented above, Darden et al. also cannot be properly combined because the stated motivation given by the Examiner would not have led someone of ordinary skill in the art to combine Darden et al. with the Abecassis '653/Tatebayahsi et al. /Russo combination. Hence, the ground of rejection fails to establish a *prima facie* showing of obviousness.

Claims 49-50, and 53, which depend from Claim 48, are deemed patentable for the same reasons stated above with respect to Claim 48. Since the prior art references fail to teach or suggest every element of Claims 48-53, Applicants respectfully request that the rejection of these claims be withdrawn.

#### **Statement of Grounds of Rejection of Claim 52**

The Examiner rejected Claim 52 under 35 U.S.C. § 103(a) as being unpatentable over Abecassis '653 in view of Russo and further in view of Tatebayashi et al., and further in view of Darden et al. As discussed above, there are significant deficiencies in the references, and, there is no teaching or suggestion for the proposed combination. This ground of rejection should be withdrawn for the same reasons provided above with respect to Claim 48.

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In view of the foregoing, Applicants respectfully submit that Claims 30, 32-34, 36-50 and 52-56 are in condition for allowance. Reconsideration and withdrawal of the rejections is respectfully requested, and a timely Notice of Allowability is solicited. To the extent it would be helpful to placing this application in condition for allowance, the Applicants encourage the Examiner to contact the undersigned counsel and conduct a telephonic interview.

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To the extent necessary, Applicants petition the Commissioner for a two-month extension of time, extending to November 30, 2006, the period for response to the Office Action dated June 30, 2006. The Commissioner is authorized to charge \$225.00 for the two-month extension of time pursuant to 37 CFR §1.17(a)(2), and any shortage in fees due in connection with the filing of this paper, including extension of time fees, to Deposit Account No. 50-0639.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'B. Berliner', written over a horizontal line.

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